

## Arizona Primary Care Program – Serving the NOTCH GROUP Briefing Summary January 2007

### Part 1. Introduction to Primary Care

Primary care is defined by the Institute of Medicine (IOM 1978) as “accessible, comprehensive, coordinated, and continual care” delivered by providers accountable for addressing personal health care needs. Primary care includes health promotion, disease prevention, and social services. The value of primary care to individuals is the **“opportunity”** to address a wide range of health problems, guide individuals through the health systems, establish patient-provider relationship, and prevent disease and promote health by early detection (IOM 1996). This opportunity may be available and easily accessible to individuals who have some type of health coverage. However, people who are without health insurance or those low-income and unable to afford any type of health coverage, seeking primary care services may be very challenging.

As most health problems are usually resolved during primary care visits (IOM 1996), the inability of accessing primary care due to income or poverty is one of the reasons for differences in health status among the insured and the uninsured. In a study about the unmet health needs among uninsured adults published by the Journal of American Medical Association in 2005, the long-term uninsured adults reported much greater unmet health needs than the insured adults. The uninsured adults are more likely not to have routine check-up in the last 2 years and are considered high-risk individuals like the obese, smokers, drinkers, hypertensives, diabetics, and HIV risk people. Moreover, deficits in screening for cancer, diabetes, and cardiovascular disease are more pronounced among the uninsured.

### Part 2. The Notch Group: Primary Care Population Identified

#### Health Care Coverage in Arizona

US Census Bureau estimates that Arizona population in 2005 to be 6,000,000. 3,500,000 were covered by private insurance. Figure 1 shows that Medicare enrollment was 826,000 and Medicaid was 976,000. 225,000 had military coverage. The remaining, nearly 500,000 had unknown health care coverage.

Figure 1. Percent Health Coverage Among Arizonian  
N = 6,044,985  
US Census Bureau 2005

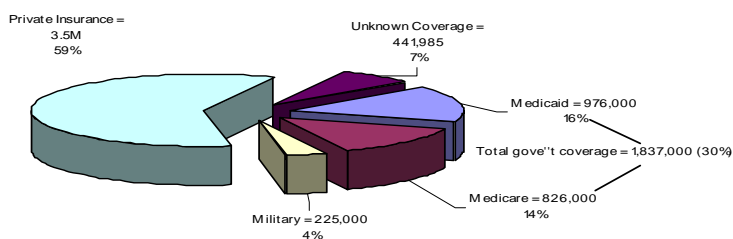
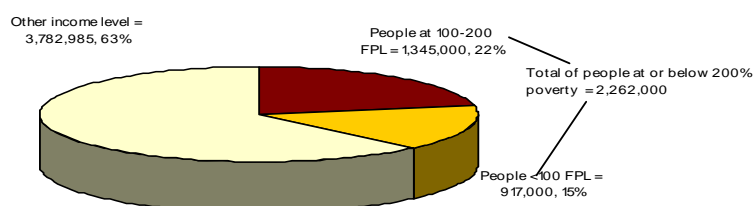


Figure 2. Percent Distribution of Arizonian by Income Level  
N = 6,044,985  
US Census Bureau 2005



#### Poverty Level

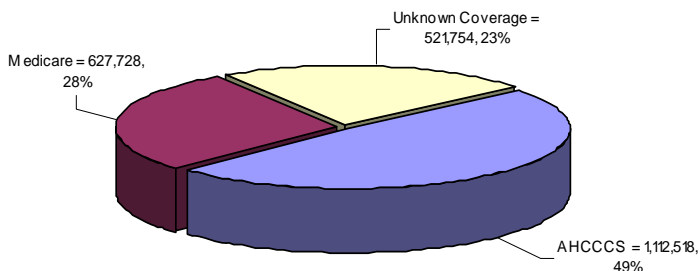
Figure 2 shows that of the estimated 6 million people living in Arizona, a total of 2,262,000 people were at an income level of at or below 200% of the Federal Poverty Level (FPL).

There were 917,000 people below 100% of the FPL.

AHCCCS enrollment in December 2005 was 1,112,518 people. Medicare enrollment under 200% of the FPL was 627,728 people (July 2003 data).

More than 500,000 people below 200% poverty had unknown health care coverage.

Figure 3. Percent Distribution of Health Coverage Among Arizonan Living in Poverty (<200 FPL)  
N = 2,262,000



### Serving the NOTCH Group - AzPCP

The ‘Notch’ group is a term used for individuals that would most likely fall under those who had unknown coverage.

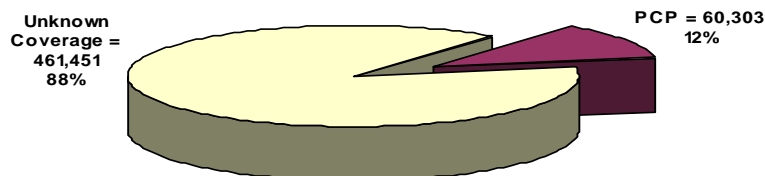
This group may be those who were self-employed or members of family units where only the working individual was enrolled in a health plan and the other members of the family were uninsured. The “notch” group or “working poor” is that group discussed above, people below 200% FPL and without health care coverage.

### The Program

The Arizona Primary Care Program (AzPCP) is administered through the Office of Health Systems Development (HSD) of the AZ Department of Health Services (ADHS). The program offers primary care services to the “Notch Group” individuals who meet the eligibility requirement. Those individuals are low-income, uninsured, have proof of residency in the State of Arizona, and are not eligible for AHCCCS/KidsCare or Medicare.

Figure 4 illustrates that of the 521,754 individuals who had unknown health coverage in 2006, the AzPCP contractors enrolled 60,303 individuals. This is roughly 12% of the “Notch” group. \$10 million were expended. Funding in 2007 is \$13 million that could serve as many as 78,000 and \$16 million requested in 2008 could increase the number to 96,000.

Figure 4. Serving the “NOTCH” Group  
N = 521,754



### Part 3. Primary Care Resources Requested

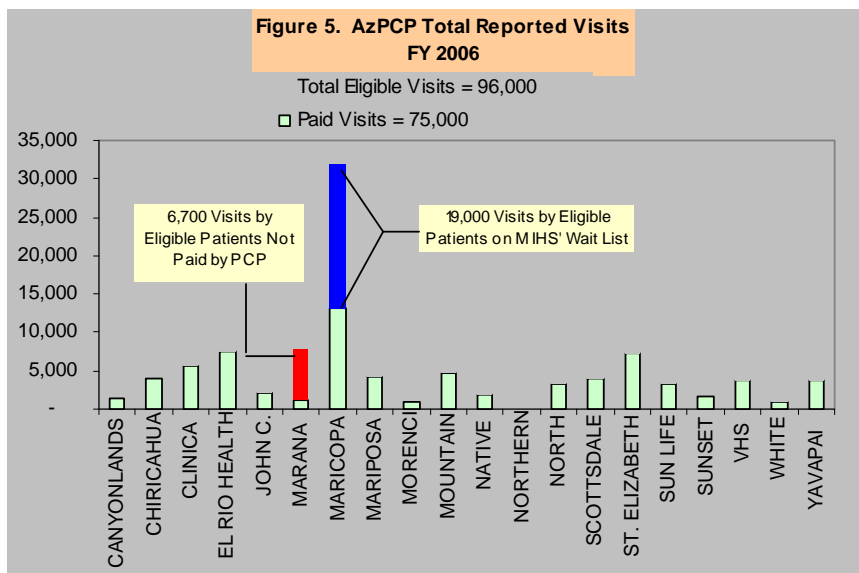
#### Program Utilization

The discussion to this point has focused on numbers of people who face health care coverage difficulties. The actual utilization of the AzPCP is addressed as follows:

Since its inception in 1996, the AzPCP provides compensation for health care services not otherwise paid for on behalf of the NOTCH group. Contractors have continued to increase services throughout the State of Arizona. At present, the program has 19 contractors operating nearly 150 clinic sites. Gila County is the only county without a clinic offering the AzPCP. Access to AzPCP varies from county to county. Services are minimal in La Paz and Mohave counties. Otherwise, all without health care coverage could access care.

Eleven contractors are federally qualified health centers (FQHC). Eight contractors do not receive federal “330” CHC funding. All provide a full range of primary and preventive health services, including dental, laboratory, x-ray, and pharmacy. Contractors are compensated by the AzPCP on the basis of the primary care provider visit. Patients pay for care on the basis of a sliding fee schedule up to 200% of the FPL that includes a “zero” pay category for people under 100% FPL.

Contractors maintain and submit electronic eligibility and encounter files each month to justify payment. Figure 5 shows that in FY 2006, \$10 million in allocation paid for 75,000 provider visits at an average cost of \$133 per visit. Contractors reported 96,000 visits by patients enrolled in the AzPCP during the same fiscal year.



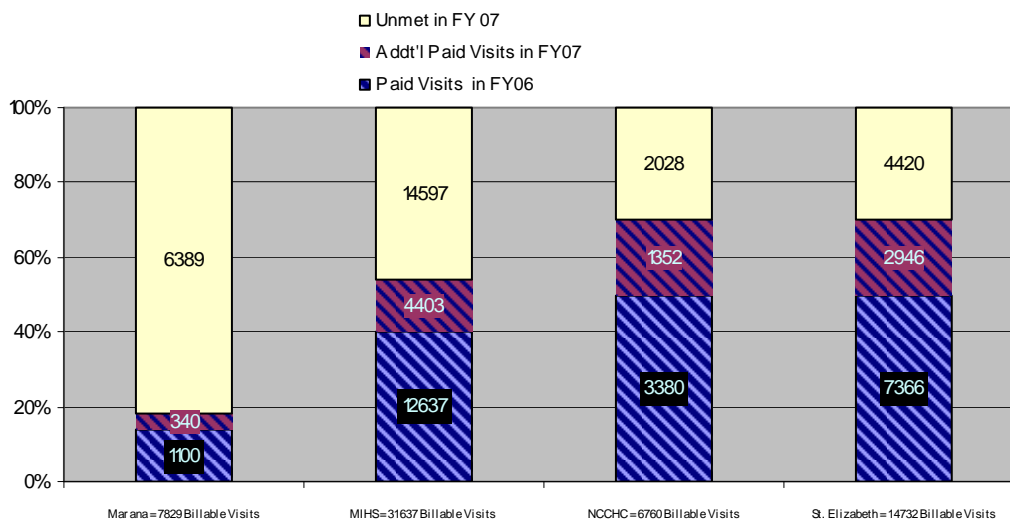
#### Unmet Need

In FY 2006, the reported 96,000 primary care visits by patients enrolled to the AzPCP is equivalent to an estimated \$12.8 million dollars based on an average unit rate per visit of \$133. That same year, we received and expended \$10 million of state funding. This paid for 75,000 patient visits. AzPCP could have utilized an estimated \$2.8 million additional funding to pay for 21,000 more patient visits that HSD was unable to reimburse the contractors for that year. Some of the contractors who had drawn their contract funds prior to year-end did not submit their Contractor Expenditure Report (CER) that details the number of visits received during the month. The program’s unmet need during that year may be higher if we were to account for those unreported visits.

To illustrate the program’s growing unmet need further, in FY 2006, 12 contractors had drawn down their award amounts before the end of the fiscal year. It was projected that four contractors, Marana, North Country, St. Elizabeth, and Maricopa Integrated Health Systems (MIHS) could at least double their visits in FY 2007. This year, the program received \$13M funding, \$3M more from last fiscal year. These four contractors were allocated only a 40% increase in contract award amount to distribute the \$3 million additional funding across all the contractors.

Based upon FY 2006 utilization data, Figure 6 shows that the projected total visits to be paid in FY 2007 continue to leave 82% unmet need for Marana, 46% for MIHS, and 30% for both NCCHC and St. Elizabeth’s. This is only 4 out of 19 contractors.

**Figure 6. Unmet Need in FY 07**



Foremost, MIHS who receives no federal funding was forced to create a waiting list for AzPCP. There were 5,000 individuals in the wait list from which they received an estimated 19,000 additional visits. This requires funding for 14,597 additional visits for FY 2007, an estimated \$2M, that will provide 31,600 total visits this year.

St. Elizabeth of Hungary Clinic received payment for 7,366 visits but could utilize payment for 14,732 to double their efforts. Funding for FY 2007 covers 10,312 visits leaving an unmet need for 4,420 visits, an estimated \$.6M.

NCCHC received payment for 3,380 visits in FY 2006. They have received funding for about 4,732 visits in FY 2007. This leaves them 2,028 visits short or \$340,000.

Marana is a special situation of under funding. They reported 7,829 billable visits in FY 2006 but were compensated by contract award for 1,100 visits. The 1,100 visits were based historically on one clinic site. They have added 9 sites in recent years and opened another clinic this year. They project 14,700 uninsured visits this year, 6,000 covered by the federal “330” grant or 8,700 visits billable to the AzPCP. Figure 6 above shows an added need of 6,389 visits

for Marana, estimated at \$800,000 additional funding. Their funding for FY 2007 is less than 20% of the projected utilization.

Together, these 4 contractors could utilize payment for 27,500 patient visits in FY 2007, estimated at \$3.7 million based solely on the FY 2006 program utilization data.

Additionally, Abrazo/VHS had a 65% unmet need in FY 2006. They needed an additional compensation for 2,500 patient visits but were only awarded for 1,150, leaving a need of 1,350 visits or an estimated \$127,000.

Scottsdale Healthcare had a 42% unmet need in FY 2006. They needed an additional compensation for 1,600 visits but were awarded for 1,175, leaving a need of 425 or \$46,000.

Clinica Adelante had a 33% unmet need in FY 2006. They needed an additional compensation for 1,900 visits but were awarded for 1,700, 200 visits short or \$25,000.

In FY 2006, the reported deficit in funding was \$2.8M. The program was awarded an additional \$3M in FY 2007 that should pay an additional 22,500 visits or 97,500 visits total during the year. Nevertheless, we continue to experience an unmet need of nearly \$4M this year based on documented program utilization of the 7 contractors discussed above. This is a 30% increase of unmet need from last year.

Moreover, the need for compensation will continue to grow as contractors reach more persons who are eligible to the program as noted in the discussion of the notch group.

## **Funding Request**

The AzPCP is requesting an increase in funding to \$16 million for FY 2008. This will cover approximately 120,000 visits. As suggested, funding would increase the estimated number of uninsured persons enrolled to 96,000 or about 20% in the “notch” group. The additional funding will pay for an estimated 22,500 patient visits. This is a conservative request based upon 2006 utilization figures.

## **Part 4. Primary Care Summary and Conclusion**

### **Summary**

- More than 2.2 million people in Arizona were at or below 200% of the FPL Guideline.
- More than 500,000 people below 200% FPL had no known health care coverage in 2005. These are people who belong to the “notch” group and represent the AzPCP target population.

- Many AzPCP eligible visits remain unreported and uncompensated. The unmet need may be higher.
- Arizona's population is growing and so is the number of uninsured and the people in the "notch" group.
- The unmet need continues to grow. The need for compensation for primary care for FY 2007 is \$4M, an increase of 30% from last year's \$2.8M based on 7 contractors' program utilization alone. This is nearly \$1.2M increase from last year's unmet need.
- The requested \$16 million for FY 2008 is based on documented need and will pay for an estimated 120,000 primary care provider's visits.
- The \$16 million requested could increase the number of people in the 'notch' group enrolled for primary care to 96,000 or approximately 20% of the total "notch group" population.

## **Conclusion**

AzPCP served the low-income uninsured but only in limited numbers; less than 12% of the working poor. AzPCP's goal is to increase access to primary care services among the "Notch Group." Additional funding is crucial to serving more people who may qualify for the Primary Care Program services.

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